

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Health Administration

*Review of  
Resident and  
Part-Time Physician Time  
and Attendance at Oklahoma  
City VA Health Care System*

March 28, 2018  
17-00253-93

# ACRONYMS

DEO	Designated Education Officer
ESR	electronic subsidiary record
FICA	Federal Insurance Contributions Act
FY	fiscal year
OAA	Office of Academic Affiliations
OIG	Office of Inspector General
OMB	Office of Management and Budget
PGY	post-graduate year
SLA	service level agreement
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
VistA	Veterans Health Information Systems and Technology Architecture

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## EXECUTIVE SUMMARY

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### Why the OIG Did This Review

The Director of the Oklahoma City VA Health Care System (Health Care System) contacted the OIG about concerns with oversight of its disbursement agreement and time and attendance requirements for part-time physicians. Given the significant salary costs for resident and part-time physicians, it is important that the Health Care System's controls over these resources provide accountability and ensure accurate payments for the services provided.

### What the OIG Found

Health Care System site directors, service chiefs, and section chiefs did not monitor resident participation in educational activities to ensure they were performing VA work as scheduled. Health Care System managers did not implement adequate fiscal procedures or reconcile educational activity records with invoices to ensure accurate reimbursement payments to the affiliated medical school. For example, at least 12 residents had their salaries paid by the Health Care System for time periods when they were working at non-VA hospitals during academic year 2015-2016.

These conditions occurred in part because prior leaders of the Health Care System did not establish a governance environment that promoted effective systems and controls over these expenditures. As a result, the Designated Education Officer (DEO) did not establish required local policies and procedures for resident educational activity record keeping, monitoring resident participation in educational activities, and reconciling educational activity records with invoices submitted by the University of Oklahoma College of Medicine (the medical school). In addition, the prior Health Care System directors did not appoint a team to conduct periodic audits of the disbursement agreement in accordance with Veterans Health Administration (VHA) policy. According to the current Health Care System Director, he did not believe an independent audit team had ever been established prior to his arrival.

In addition to the deficiencies related to resident participation, Health Care System managers did not effectively oversee time and attendance for part-time physicians to ensure they were on duty and meeting their VA employment obligations. For example, 33 of 91 part-time physicians had limited or no evidence of patient care workload in at least one pay period from January 10 through March 19, 2016. Managers did not ensure part-time physicians on adjustable work schedules were used properly to meet VA patient care and other work requirements. These conditions occurred because Health Care System managers did not monitor part-time physicians' time and attendance, did not ensure part-time physicians recorded work hours daily in the time and attendance system, and did not evaluate service level agreements (SLAs) showing the anticipated hours of service part-time physicians would work. In addition, the Health Care System's Human Resources Office did not reconcile payments made to part-time physicians with

their actual performance. According to the current Health Care System Director, the primary reason these conditions occurred was because the former directors did not hold the Chief of Staff accountable for ensuring compliance with the policies and procedures for monitoring part-time physicians' time and attendance as required by VHA Directive 1035.<sup>1</sup>

As a result, the Health Care System could not provide adequate supporting documentation to substantiate its reimbursement payments for residents because it did not maintain educational activity records or perform reconciliations of the medical school's invoices. Therefore, the Health Care System's approximately \$6.9 million in reimbursements to the medical school during academic year 2015-2016 are considered improper payments. In addition, there is no assurance the Health Care System received all of the resident services that it paid for. Similarly, there was no assurance that the Health Care System's part-time physicians were fully meeting their VA employment obligations. The OIG estimated that the Health Care System made approximately \$507,000 in improper payments to part-time physicians on adjustable work schedules because it did not reconcile salaries and benefits paid with work performed.

## What the OIG Recommended

The OIG recommended the Health Care System Director establish policies and implement procedures to improve oversight. These policies and procedures will ensure residents are fully participating in educational activities at the Health Care System and ensure it is paying the correct amount of reimbursements to the medical school. The OIG also recommended that the Health Care System Director ensure managers conduct required reviews of part-time physicians' time and attendance to ensure they are working as scheduled, part-time physicians on adjustable work schedules record their work times daily, reconciliations of part-time physicians' adjustable work hour agreements are completed timely, and service chiefs conduct quarterly reviews of all part-time physicians on adjustable work schedules. The OIG further recommended that the Health Care System review all academic year 2015-2016 invoices for residents and initiate actions to recover any overpayments.

## Management Comments

The Health Care System Director concurred with the OIG's recommendations and provided acceptable corrective actions plans. The Health Care System Director took corrective actions to address Recommendations 1, 2, 3, 5, 6, 8, and 9, and the OIG considers them closed. The Health Care System Director provided acceptable corrective action plans to address Recommendations 4, 7, 10, 11, 12, and 13. The OIG will monitor the Health Care System's progress and follow up on implementation of the remaining recommendations until all proposed actions are completed.



**LARRY M. REINKEMEYER**  
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<sup>1</sup> VHA Directive 1035, *Oversight and Improvement of the Part-Time Physician Program*.

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## INTRODUCTION

### **Objective**

The review assessed the effectiveness of the Oklahoma City VA Health Care System's (the Health Care System) oversight of its disbursement agreement with the University of Oklahoma College of Medicine (the medical school) and monitoring of time and attendance for resident physicians (residents) and part-time physicians. Specifically, the OIG team evaluated whether the Health Care System ensured:

- Residents were performing VA duties as scheduled and corresponding reimbursement payments were accurate.
- Part-time physicians were on duty meeting their VA employment obligations as scheduled.

### **Physician Education**

According to VA's Office of Academic Affiliations (OAA), VA has partnered with medical schools since 1946 to provide high quality health care and train physicians to meet patient needs nationally in VA and the private sector. VA conducts the largest education and training program in the United States for medical students and residents to enhance the quality of care provided to veterans. More than 65 percent of physicians trained in the United States received VA training prior to employment.

### **Disbursement Agreements**

Title 38 of the United States Code, Section 7406, *Residencies and internships*, authorizes VA to establish and administer disbursement agreements with affiliated medical schools. A disbursement agreement is a payroll mechanism VA uses to allow an affiliated medical school to directly administer salary and fringe benefit payments for residents training at a VA medical facility. VA reimburses the medical school for the amount of time the residents work for VA.

### **Part-Time Physicians**

VA medical facilities typically have a physician staff made up of full- and part-time physicians. Part-time physicians play a major role in meeting VA's medical care mission by providing medical, surgical, and psychiatric care to VA patients; supervising patient care provided by residents; and conducting medical research. Frequently, both the academic affiliate and VA employ part-time attending physicians. According to VA Handbook 5011/12, *Hours of Duty and Leave*, in these cases, work for the affiliate must be distinct and separately accounted for by the affiliate.

## RESULTS AND RECOMMENDATIONS

### **Finding 1 Oklahoma City VA Health Care System Did Not Effectively Manage Its Disbursement Agreement**

The Health Care System mismanaged its disbursement agreement with the medical school. Health Care System managers did not effectively monitor resident participation in assigned educational activities to ensure they were performing VA work as scheduled. Moreover, Health Care System managers did not implement adequate fiscal procedures or reconcile educational activity records with invoices to ensure reimbursement payments to the medical school were accurate. The Health Care System's mismanagement of its disbursement agreement was in part caused by a lack of consistent and effective leadership, which contributed to a lax governance environment. Health Care System managers did not hold key individuals like the Designated Education Officer (DEO), VA site directors, and service chiefs accountable for their disbursement agreement responsibilities. Health Care System managers also did not implement management controls over the disbursement agreement as required by VHA Handbook 1400.05, *Disbursement Agreement Procedures for Physician and Dentist Residents*. For example:

- The DEO did not establish local policies and procedures for resident educational activity record keeping, monitoring resident participation in educational activities, and reconciling VA educational activity records with invoices submitted by the medical school.
- The prior Health Care System directors did not appoint a team to conduct periodic audits of the disbursement agreement, including reviews of educational activity record keeping at the service and section level, reconciliation procedures, and the accuracy of invoices submitted by the medical school.

Because it did not maintain educational activity records or perform reconciliations of the medical school's invoices, the Health Care System could not provide adequate supporting documentation to substantiate its reimbursement payments. Therefore, the Health Care System's approximately \$6.9 million in reimbursements to the medical school during academic year 2015–2016 are considered improper payments due to a lack of sufficient documentation. In addition, there is no assurance the Health Care System received the resident services that it paid for.

**Disbursement  
Agreement  
Guidance**

VHA Handbook 1400.05<sup>2</sup> (the handbook) provides fiscal and oversight guidance to medical facilities to ensure the proper management of their disbursement agreement programs. Operational requirements listed in the handbook ensure VA medical facilities establish procedures such as confirming residents' completion of assigned educational activities, reviewing and verifying the accuracy of bills, and certifying bills for payment. The OIG team identified numerous fiscal and oversight management control weaknesses that occurred because Health Care System managers did not implement the handbook procedures.

**Monitoring  
Resident  
Participation**

VA medical facilities are required to have procedures in place at the service or section level to ensure residents participate in their VA-assigned educational activities. Educational activity records accurately documenting residents' participation by name and post-graduate year (PGY) must be maintained on a monthly basis or another defined rotation, if other than monthly.<sup>3</sup> The Health Care System did not have a record-keeping system in place to monitor residents' participation in assigned educational activities to ensure they were performing VA duties as scheduled. Health Care System service chiefs and section chiefs did not maintain educational activity records, and site directors did not monitor the resident's participation in educational activities.

In addition, the Health Care System's site directors were not performing the following critical duties:

- Ensuring residents were informed of program expectations, schedules, relevant policies, and educational activities
- Certifying residents' educational activity records
- Providing certified educational activity records to the DEO

Educational activity records are the critical records used by site directors, service chiefs, and section chiefs to ensure invoices submitted by the affiliated medical schools are accurate. Without this documentation, Health Care System managers cannot effectively reconcile the medical school's invoices.

**Inadequate  
Fiscal  
Procedures**

The DEO and site directors did not implement the fiscal procedures or take the actions prescribed by the handbook to ensure the accuracy of the Health Care System's reimbursement payments. Specifically, managers did not ensure the Health Care System only paid for its portion of Social Security and Medicare taxes, which are taxed under the Federal Insurance

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<sup>2</sup> VHA Handbook 1400.05, *Disbursement Agreement Procedures for Physician and Dentist Residents*.

<sup>3</sup> VHA Handbook 1400.05, paragraph 11, *VA Facility Administration of Disbursement Agreements*.

Contributions Act (FICA). They also did not ensure the medical school used approved daily rates on the invoices for reimbursements or that the medical services reconciled educational activity records with the invoices submitted by the medical school. These actions would have ensured that the reimbursement payments were accurate.

*Resident  
Pay Rates  
Not Approved*

The Health Care System reimbursed the medical school based on salary and fringe benefits rates that were not approved by VA's OAA. The handbook requires affiliated medical schools to submit the salary and fringe benefits rates for their residents to the VA medical facility's DEO annually, along with supporting documentation for the rates.<sup>4</sup> The DEO then obtains OAA approval of the rates.<sup>5</sup> In all cases, the stipend rates must be identical to the rates the medical school uses to pay its residents.<sup>6</sup> VHA policy allows annual rates to be amended with OAA approval.<sup>7</sup> The comparison of OAA-approved pay rates for academic year 2015–2016 against pay rates submitted by the medical school identified differences for each PGY level of training. This occurred because the former Health Care System Interim Director entered into a supplemental agreement with the medical school in July 2015 that amended the salary and fringe benefits rates previously approved by OAA.

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<sup>4</sup> VHA Handbook 1400.05, paragraph 9a, *Establishment of Stipend and Fringe Benefit Rates with Supporting Documentation*.

<sup>5</sup> VHA Handbook 1400.05, paragraph 12a-b, *Process for Rate Changes*.

<sup>6</sup> VHA Handbook 1400.05, paragraph 12c, *Process for Rate Changes*.

<sup>7</sup> VHA Handbook 1400.05, paragraphs 7d(4)(e)-(f), *Responsibilities* and 12a and c, *Process for Rate Changes*.

Table 1 illustrates the rate discrepancies for PGY levels five, six, and seven.

**Table 1. Rates for Academic Year 2015–2016**

Series Name	PGY-5	PGY-6	PGY-7
<b>OU Salary</b>	\$57,945.00	\$60,314.00	\$63,252.00
<b>OAA-Approved Salary</b>	\$57,945.00	\$58,869.00	\$62,012.00
<b>Difference</b>	\$0	\$1,445.00	\$1,240.00
<b>OU Benefits</b>	\$11,067.50	\$11,519.97	\$12,081.13
<b>OAA-Approved Benefits</b>	\$10,661.88	\$10,831.90	\$11,410.21
<b>Difference</b>	\$405.62	\$688.07	\$670.92
<b>OU Daily Rate</b>	\$196.62	\$204.66	\$214.62
<b>OAA-Approved Daily Rate</b>	\$195.46	\$198.58	\$209.18
<b>Difference</b>	\$1.16	\$6.08	\$5.44

*Source: OIG analysis of resident salary and benefits rates.*

OIG staff calculated any overpayments resulting from the medical school billing at the higher unapproved rates for each resident who worked at the Health Care System during academic year 2015–2016. The Health Care System overpaid the medical school approximately \$52,000 during academic year 2015–2016 because the former DEO never submitted the amended rates to OAA for approval. When medical school salary or fringe benefits costs increase during the year, the handbook allows the payment rates to be amended with OAA approval.<sup>8</sup> If the Health Care System had properly sought and received approval for the amended rates with OAA, the payments would have been allowable and accurate. Nonetheless, this type of lapse in oversight could allow affiliated medical schools to overbill VA medical facilities.

<sup>8</sup> VHA Handbook 1400.05, paragraph 12a-c, *Process for Rate Changes*.

*Social Security  
and Medicare  
Costs for  
Exempt  
Residents*

The Health Care System may have incorrectly paid FICA taxes for residents who were exempt foreign nationals. Employers should not collect or pay FICA taxes for persons working in the United States under exchange visitor visas who meet the requirements for FICA tax exemptions.<sup>9</sup> Generally, foreign resident physicians who have been in the United States less than two calendar years are exempt from FICA taxes. However, the determination can be complex as it depends on how many years an individual was in the United States on an exchange visa within the prior six years, whether they were an exempt individual on that visa, and the length of time they were in the United States on the current visa.

According to OAA's Associate Chief, Education, affiliated medical schools can treat each individual resident separately and bill for FICA taxes accordingly. Alternatively, medical schools can use an average FICA payment rate for all residents, which takes into account the proportion of FICA-exempt medical school foreign resident physicians on exchange visitor visas. In either case, medical schools must provide supporting documentation to VA medical facilities showing the basis of their FICA rates each academic year.

A review of the medical school's supplemental agreement for academic year 2015–2016 showed the medical school included the full FICA rate in every resident's daily rate. The OIG team asked the current Acting DEO if the medical school submitted documentation supporting its FICA rate when it provided its academic year 2015–2016 rates for approval. The Acting DEO stated the medical school did not submit any documentation to support the FICA rate. Without information from the medical school on which residents are exempt from FICA taxes or how the medical school came up with an average FICA payment rate, the DEO has no way of knowing whether the Health Care System was billed correctly.

Because the medical school did not submit supporting documentation for its academic year 2015–2016 FICA rate, the OIG team could not determine with certainty how many residents were working under exchange visitor visas. As of May 2017, the medical school reported that there were 100 residents in training at the Health Care System under exchange visitor visas, but the OIG team could not confirm how many of them were working during the academic year in question.

To illustrate the potential effect of the incorrect payment of FICA costs, the OIG team selected a PGY-1 Neurology resident listed on the medical school's January 2016 invoice. The medical school billed the Health Care System for 31 days at a daily rate of \$170.66 for a total of approximately

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<sup>9</sup> VHA Handbook 1400.05, paragraph 9c(1), *Establishment of Stipend and Fringe Benefit Rates with Supporting Documentation*.

\$5,290. Had the medical school deducted FICA taxes, the daily rate would have been reduced to \$159.70 and resulted in a total of approximately \$4,951, a difference of \$340.<sup>10</sup> Although the potential overpayment amount for the resident is relatively small, the annual overpayment could be significant depending on the number of residents who are exempt from FICA taxes but billed at the full rate. Therefore, the DEO must ensure that the medical school submits adequate documentation to support its FICA rate so the Health Care System can determine whether it is billed correctly for any residents in training who were working under exchange visitor visas.

*Reconciliation  
of Invoices*

The Health Care System also did not reconcile the medical school's invoices for residents in training to ensure reimbursement payments were accurate. The handbook requires VA medical facilities to have a process in place to review the affiliated medical school's invoices. These reviews should compare the invoices to certified educational activity records provided by VA site directors.<sup>11</sup> VHA considers certified educational activity records to be the controlling documentation in the case of any billing discrepancies. The DEO is responsible for approving the final invoice after all discrepancies are resolved and submitting it to Fiscal Service for reimbursement processing.

The OIG team found that the Health Care System's former DEO did not properly distribute medical school invoices to the various medical services for reconciliation from January through March 2016. The former DEO delegated this task to her secretary, who stated she stopped distributing the invoices because she did not have time to fulfill all of her assigned disbursement agreement responsibilities.<sup>12</sup> Consequently, the invoices were not reconciled. Even if the invoices had been distributed, the OIG team questioned the Health Care System's ability to conduct appropriate reconciliations without the missing educational activity records. In addition, a Fiscal Service employee approved the invoices for payment, which is a circumvention of segregation of duties. According to the handbook, the DEO is responsible for certifying medical school invoices for payment after completion of the reconciliation process.<sup>13</sup>

*Improper  
Payments for  
Non-VA Duty*

Because the Health Care System did not reconcile the medical school's invoices against certified educational activity records, improper payments were made for residents working at non-VA facilities. A long-standing principle of VA compensation is that VA should only pay for time that

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<sup>10</sup> The \$1 difference is due to rounding.

<sup>11</sup> VHA Handbook 1400.05, paragraph 11c(2)(d), *VA Facility Administration of Disbursement Agreements*.

<sup>12</sup> A lack of adequate staffing resources is further discussed in the *Why Procedures Were Inadequate* section of this report.

<sup>13</sup> VHA Handbook 1400.05, paragraphs 7e(2)(g), *Responsibilities* and 11c(2)(e), *Reconciliation Procedures*.

residents are on VA duty.<sup>14</sup> According to the handbook, VA duty normally requires residents to be physically present at a VA medical facility.<sup>15</sup> The OIG team identified 12 residents who were working at other hospitals at times when the Health Care System paid for their salaries from January through March of academic year 2015–2016.

*Example 1*

The Health Care System paid the medical school for four neurology residents while they were working at the Children’s Hospital, University of Oklahoma Medical Center. Although the residents split their time between the Children’s Hospital and the Health Care System, the medical school’s invoices showed the residents worked full time at the Health Care System. As a result, the Health Care System was billed for a total of 91 days during the three-month period for the four residents when it should have only paid for half of the days worked. This resulted in an overpayment of approximately \$8,100.

*Example 2*

The Health Care System paid for six hematology and oncology residents who, according to the DEO, were working off-site at non-VA medical facilities to obtain clinical experiences that could not be provided by VA or the medical school. The medical school billed the Health Care System approximately \$14,600 for 73 days of the residents’ time when they were not working at the Health Care System during the third quarter of academic year 2015–2016.

VA policy states that educational-related details for clinical experiences that cannot be provided by either VA or the affiliated medical school can be reimbursed if they meet certain conditions.<sup>16</sup> Principally, there must be a benefit to VA—the experience must enhance the residents’ ability to provide care to veterans. Off-site activities may only be undertaken by residents assigned to VA with written approval of the VA site director and DEO. In addition, the DEO is required to maintain documentation of the approval. The Acting DEO told us that she did not have documentation to support these off-site activities. Thus, the Health Care System overpaid the medical school by approximately \$14,600 for these six residents.

*Periodic Audits*

The Health Care System did not perform periodic audits to assess overall program effectiveness or the adequacy of management controls intended to

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<sup>14</sup> The Veterans Health Care Expansion Act (Public Law 93-82) states VA may only reimburse an affiliate to cover the cost for the period residents serve in a VA medical facility.

<sup>15</sup> VHA Handbook 1400.05, paragraph 10, *Activities Eligible for VA Reimbursement Under A Disbursement Agreement*.

<sup>16</sup> VHA Handbook 1400.05, paragraph 10e, *Activities Eligible for VA Reimbursement Under a Disbursement Agreement*.

prevent fraud and mismanagement. The Health Care System Director was responsible for appointing a team to conduct periodic audits of the disbursement agreement.<sup>17</sup> This team cannot be directly involved in the management or routine monitoring of disbursement agreements.

At a minimum, the audits must include:

- Educational activity record keeping at the service or section level
- Use of approved PGY levels and per diem rates for reimbursements
- Reconciliation procedures used by the DEO and Fiscal Service
- Application of FICA exemptions for residents working under exchange visitor visas based on the number of non-citizen residents

Based on its discussions with Health Care System program officials, the OIG team found that the Health Care System had not established an auditing process. According to the current Health Care System Director, he did not believe an independent audit team had ever been established prior to his arrival. Had this process been in place, the issues identified during this review might have been mitigated or resolved.

**Lack of  
Program  
Office and  
VISN  
Oversight**

The OIG team found a general lack of OAA and Veterans Integrated Service Network (VISN) oversight of the Health Care System's disbursement agreement program.<sup>18</sup> According to the handbook, OAA is responsible for:

- Oversight of VA's affiliated clinical training program activities
- Input for VA policies affecting clinical trainees, affiliated training program activities, and relationships with VA's academic partners
- Developing policies pertaining to clinical trainees and providing direction to all VHA facilities, VISNs, and VA Central Office components for the implementation, coordination, and evaluation of clinical education and affiliated training programs
- Providing advice and consultation to field educational leaders for training program policy interpretation and implementation

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<sup>17</sup> VHA Handbook 1400.05, paragraph 7b(4), *Responsibilities*.

<sup>18</sup> On October 1, 2015, VA initiated a VISN realignment plan, which moved the Health Care System from VISN 16 to VISN 19.

VHA Directive 1400.09, *Education of Physicians and Dentists*, states that VISN Academic Affiliations Officers are responsible for:

- Providing guidance to network educational institutions
- Helping ensure VISN-wide educational goals are accomplished and comply with VA education policies
- Providing guidance and assistance to individual medical facilities for education program management and oversight

In FY 2015, VA reported that it spent \$1.5 billion on graduate medical education for over 40,000 residents and advanced fellows. Given the magnitude and importance of VA's education mission, it would be prudent for VA to develop more robust oversight measures for VA medical facilities to ensure residents are performing VA work as scheduled and that reimbursement payments are accurate.

**Why Procedures  
Were Inadequate**

A lack of continuity and ineffective leadership at the Health Care System significantly contributed to the mismanagement of its disbursement agreement. Between April 2012 and November 2014, the Health Care System had seven acting or permanent directors. During this time, the various Health Care System directors did not hold key individuals like the DEO, VA site directors, and service chiefs accountable to ensure proper oversight of the resident program. In addition, the DEO—the key individual responsible for managing the disbursement agreement—did not fulfill her duties as outlined in the handbook. For example, the DEO did not:

- Establish local procedures for resident educational activity record keeping, monitoring resident participation in assigned educational activities, and reconciling VA educational activity with invoices submitted by the medical school
- Ensure Health Care System staff involved in resident educational activity record keeping received initial and annual records training
- Ensure OAA approved agreed-upon salary and benefits rates
- Ensure the medical school adequately supported its FICA rate and properly billed for residents who were exempt from FICA taxes
- Certify medical school invoices for payment upon completion of the reconciliation process
- Approve off-site educational activities and maintain written documentation of these agreements

According to OAA officials, a lack of staffing resources also played a role. The Health Care System's Education Office was staffed with the DEO, who also had clinical responsibilities, and a 0.25 full-time equivalent secretary.

**Effect of Lax  
Accountability**

Because the Health Care System did not maintain educational activity records to properly monitor residents' participation or reconcile invoices submitted by the medical school, it did not have a basis to determine whether the monthly billed amounts during academic year 2015—2016 were correct. The Office of Management and Budget (OMB) Circular A-123 states that when an agency's review is unable to determine whether a payment was proper as a result of insufficient or lack of documentation, the payment must be considered an improper payment.<sup>19</sup> The OIG team considered the approximately \$6.9 million in reimbursements from the Health Care System to the medical school in academic year 2015–2016 for residents in training to be improper payments due to a lack of sufficient documentation.

In addition, there is no assurance that the Health Care System received its proportionate share of residents during academic year 2015–2016. The OIG team identified overpayments from January through March 2016 totaling approximately \$26,640 because the Health Care System paid the medical school for residents who were not on VA duty. Because of corrective actions taken by the current Health Care System Director, discussed below, the OIG team was confident the amount of overpayments identified in the third quarter of academic year 2015–2016 were representative of similar overpayments that occurred in the other three quarters. Thus, the OIG team estimated the Health Care System made overpayments of approximately \$106,600 in academic year 2015–2016 to the medical school for residents who were actually working at non-VA facilities.

**Corrective  
Actions**

The current Health Care System Director's appointment became effective on June 12, 2016. He requested a review of the Health Care System's management of its disbursement agreement and part-time physician time and attendance when he became aware of several issues. The Director initiated corrective actions to resolve several of the issues discussed in the OIG team's report during the course of the review. For example, the Health Care System Director:

- Appointed an Acting DEO and hired an Assistant Chief of Education.<sup>20</sup>
- Initiated a standardized educational activity record-keeping process.
- Established a methodology for monitoring resident participation in educational activities and reconciling VA educational activity with invoices submitted by the medical school.

In addition, actions are under way to hire two program specialists and an Associate Chief of Staff for Education.

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<sup>19</sup> OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*, Section A. 2.

<sup>20</sup> The DEO who was in place during the time frame the OIG team reviewed resigned in December 2016.

By implementing these new procedures, the Health Care System was able to get the medical school to agree to approximately \$56,000 in overbillings from the medical school for residents training at the Health Care System from September through November 2016. Other actions are in progress, including making VA site directors aware of their duties and adding appropriate language concerning those critical duties to their performance plans.

**Conclusion**

The Health Care System needs to strengthen management controls over its disbursement agreement with the medical school. Although the current Health Care System Director has initiated several corrective actions, work remains to be accomplished before the Health Care System can be confident that residents are performing VA work as scheduled and that reimbursement payments to the medical school are accurate. Health Care System managers must remain diligent in establishing effective management controls and ensuring the controls remain in place and operate as intended. The successful implementation of these controls will provide reasonable assurance that residents are fully participating in their VA educational activities and that the Health Care System is paying the correct amount of reimbursements to the medical school.

**Recommendations**

1. The OIG recommended the Oklahoma City VA Health Care System Director ensure local policies and procedures are established for resident educational activity record keeping, monitoring resident participation in assigned educational activities, and reconciling VA educational activity with invoices submitted by the University of Oklahoma College of Medicine.
2. The OIG recommended the Oklahoma City VA Health Care System Director ensure all staff involved in educational activity record keeping receive initial and annual refresher training on how to maintain the records.
3. The OIG recommended the Oklahoma City VA Health Care System Director establish procedures to ensure agreed-upon salary and benefits rates for residents are properly approved by the Office of Academic Affiliations.
4. The OIG recommended the Oklahoma City VA Health Care System Director require the medical school to submit adequate documentation to support its benefits rate for Social Security and Medicare costs for residents who are exempt from those taxes.
5. The OIG recommended the Oklahoma City VA Health Care System Director ensure the Designated Education Officer certifies final invoices

for payment after all discrepancies identified in the reconciliation process are resolved.

6. The OIG recommended the Oklahoma City VA Health Care System Director ensure the Designated Education Officer approves and maintains copies of the approved agreements for all off-site educational activities each academic year.
7. The OIG recommended the Oklahoma City VA Health Care System Director review all academic year 2015–2016 invoices and initiate actions to recover overpayments from the medical school for residents who worked at non-VA facilities without prior written approval of the VA site directors and Designated Education Officer.
8. The OIG recommended the Oklahoma City VA Health Care System Director appoint a team to conduct periodic audits of the disbursement agreement, including educational activity record keeping at the service and section level, reconciliation procedures, and the accuracy of the invoices submitted by the medical school.

**Management  
Comments**

The Health Care System Director concurred with all of the recommendations and completed actions to implement Recommendations 1, 2, 3, 5, 6, and 8. The Health Care System Director provided corrective action plans for Recommendations 4 and 7.

To address Recommendation 1, the Health Care System Director issued Center Memorandum 11E-3, *Resident Record Keeping*, which established comprehensive procedures for resident educational activity record keeping, monitoring resident participation in assigned educational activities, and reconciling VA educational activity with invoices submitted by the affiliated medical school. The Health Care System Director also issued Center Memorandum 11E-2, *Resident Supervision and Monitoring of Resident Supervision*, which focuses on supervision from the educational perspective while also ensuring patient safety and quality patient care.

To address Recommendation 2, the Health Care System Director reported that all staff involved in educational activity record keeping have received initial training. The Health Care System created a record-keeping and supervision course in VA's Talent Management System, which staff will take on an annual basis for refresher training.

To address Recommendation 3, the Health Care System Director issued Center Memorandum 11E-1, *Disbursement Agreement Procedures for Physician and Dentist Residents*. The memorandum includes procedures for ensuring salary and benefits rates are approved by the Office of Academic Affiliations.

To address Recommendation 4, Health Care System officials met with representatives from the University of Oklahoma Graduate Medical Education Office, who agreed to provide additional supporting documentation to support its benefits rate for Social Security and Medicare costs for residents who are exempt from those taxes. The Health Care System Director provided a target completion date of July 31, 2018.

To address Recommendation 5, the Health Care System Director reported that the DEO is now certifying final invoices for payment. In addition, the periodic audits discussed under Recommendation 8 will verify that invoices are processed only after review and certification by the DEO.

To address Recommendation 6, the Health Care System Director created agreements for all off-site educational activities that were approved by the DEO. The DEO will review and update the agreements annually.

To address Recommendation 7, the Health Care System Director is working with the medical school to identify residents listed on the invoices who worked at non-VA facilities without prior written approval. The Health Care System will implement actions to recover overpayments by July 31, 2018.

To address Recommendation 8, the Health Care System Director reported that compliance staff are monitoring and auditing the disbursement agreement, to include educational activity record keeping at the service and section level, reconciliation procedures, and the accuracy of invoices submitted by the medical school. In addition, the Education Service is reporting the audit results to the Compliance Committee each month.

**OIG Response**

The Health Care System Director's actions to implement Recommendations 1, 2, 3, 5, 6, and 8 are responsive, and the OIG considers these recommendations closed. The Health Care System Director provided acceptable corrective action plans to address Recommendations 4 and 7. The OIG will monitor the Health Care System's progress and follow up on implementation of the remaining recommendations until all proposed actions are completed.

## **Finding 2      Management of Part-Time Physician Time and Attendance Needs Improvement**

The Health Care System did not effectively manage time and attendance for its part-time physicians to ensure they were on duty and meeting their VA employment obligations. The OIG team found that 15 of 91 part-time physicians (16 percent) working at the Health Care System did not have patient care workload documented in electronic health records in one or more pay periods to verify they were on duty as scheduled from January 10, 2016, through March 19, 2016.<sup>21</sup> The OIG team also identified 18 additional part-time physicians (20 percent) with at least 75 percent of their work schedules unaccounted for in one or more pay periods during the same time period. Overall, 33 of 91 part-time physicians (36 percent) had limited or no evidence of patient care workload in at least one pay period to show they were on duty as scheduled from January 10, 2016, through March 19, 2016.

Health Care System managers also did not adequately manage part-time physicians working on adjustable work schedules. These conditions occurred because the Health Care System did not implement adequate management controls over its part-time physician program as required by VA Handbook 5011/12, *Hours of Duty and Leave*, and VHA Directive 1035, *Oversight and Improvement of the Part-Time Physician Program*. Specifically:

- Managers did not monitor part-time physicians' time and attendance.
- Service chiefs did not ensure part-time physicians recorded work hours appropriately in VA's time and attendance system.
- Service chiefs did not evaluate service level agreements (SLAs) to determine whether the agreements needed to be modified.
- Human Resources Office personnel did not reconcile agreements with part-time physicians on adjustable work schedules.

According to the current Health Care System Director, these lapses occurred primarily because the former Chief of Staff did not hold service chiefs accountable for these controls. As a result, there was no assurance that the Health Care System's part-time physicians were meeting their VA employment obligations. The OIG team estimated that the Health Care System made approximately \$507,000 in improper payments to part-time physicians on adjustable work schedules because it did not reconcile the

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<sup>21</sup> VHA Handbook 1907.01, *Health Information Management and Health Records*, paragraph 25, *Electronic Health Record*, March 19, 2015.

salaries and benefits paid against the work performed during agreement periods in FYs 2014 and 2015 and the first half of FY 2016.<sup>22</sup>

**Physicians'  
Documented  
Activity**

Health Care System managers did not ensure part-time physicians were on duty meeting their VA employment obligations as scheduled. The OIG team reviewed patient care workload data like patient encounters, progress notes, physician orders, and surgery logs for 91 part-time physicians working at the Health Care System during the first five pay periods of calendar year 2016. The OIG team found no documented evidence to support the accomplishment of any VA clinical duties for 15 of the 91 part-time physicians (16 percent), representing 33 instances during the five pay periods.

**Example 3**

A gastroenterology part-time physician was paid approximately \$17,000 for 145 hours of work during a six-week span—three pay periods—in February and March 2016. However, the OIG team found no documented evidence in electronic health records to support the accomplishment of any patient care workload during this period. The Gastroenterology Service Chief stated that the part-time physician was a bench researcher, was possibly the consultation attending physician, and was ill during the review period. However, according to time and attendance records, neither sick nor annual leave hours were reported during the review period. Furthermore, the employee's labor mapping required that 12 percent of the physician's time be attributable to direct patient care activities.

**Example 4**

A part-time physician working in nephrology was paid approximately \$5,500 for 50 hours of work during a two-week period in March 2016. However, the OIG team found no documented evidence in electronic health records to support the accomplishment of any patient care workload during this period.

In addition, the OIG team found that 18 part-time physicians with a limited amount of documented evidence in the electronic health records, which showed 75 percent or more of their scheduled work did not have associated workload in 46 instances during the five pay periods. The OIG team obtained input from various Health Care System officials to establish agreed-upon average times for patient care workload data using progress notes and doctors' orders. The OIG team used actual times recorded in the patients' electronic health records when they were documented in items like surgery logs.

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<sup>22</sup> The OIG team expanded its review to capture reconciliations that were not completed in FYs 2014 and 2015, and the first quarter of FY 2016, due to the high percentage of unreconciled agreements identified in the second quarter of FY 2016.

*Example 5*

An otolaryngology part-time physician was paid approximately \$3,800 for 30 hours of work during a two-week period in January 2016. However, evidence supporting patient care workload in electronic health records only accounted for approximately 11 percent of the physician's 30 hours of work.

In addition, the OIG team identified several instances in which the same physician did not work his scheduled hours:

- On January 28, 2016, the physician performed approximately six hours of surgeries at the Health Care System when he was only scheduled to work 30 minutes.
- On February 4, 2016, the physician performed surgeries at the medical school when he was scheduled to work 9.25 hours at the Health Care System.
- On February 11, 2016, the physician performed approximately four hours of surgeries at the Health Care System when he was only scheduled to work 30 minutes.
- On February 18, 2016, the physician performed surgeries at the medical school when he was scheduled to work 9.25 hours at the Health Care System.

During these two pay periods, the physician had a total of 9.5 hours of VA work reported that was not supported by medical documentation, even after taking into account the times he was performing surgeries at VA on his scheduled non-VA workdays.

***Managing Adjustable Schedules***

The Health Care System did not adequately manage part-time physicians working on adjustable work schedules. It did not complete required reconciliations of SLAs nor evaluate whether the agreements needed to be modified.<sup>23</sup> VA medical facilities have an obligation to ensure part-time physicians are used properly to accomplish patient care requirements and other VA work requirements like research or education requirements.<sup>24</sup> However, the OIG team found that the Health Care System's lack of oversight of part-time physicians with adjustable work schedules would render decisions on the effective use of their part-time physicians difficult.

***Reconciliations of Agreements***

Human Resources Office personnel did not reconcile payments to part-time physicians on adjustable work schedules against work performed, as required by VA Handbook 5011/12. Part-time physicians on adjustable work

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<sup>23</sup> VA Handbook 5011/12, *Hours of Duty and Leave*, Part II, Appendix I, paragraph 9a, *Reconciliation of Memoranda*, January 12, 2007.

<sup>24</sup> VA Handbook 5011/12, Part II, Chapter 3, paragraph 2f, *Adjustable Work Hours for Part-Time Physicians*, January 12, 2007.

schedules sign Memorandums of Service Level Expectations based on anticipated VA patient care or other work requirements and physician availability. These agreements document the anticipated annual hours each individual part-time physician will work.

Part-time physicians on adjustable work schedules are required to record their time and attendance daily in the electronic subsidiary record (ESR) in the Veterans Health Information Systems and Technology Architecture (VistA). Supervisors are required to approve the ESRs after verifying that biweekly work requirements have been met. Because the hours worked each pay period can fluctuate, part-time physicians are paid the same amount each biweekly pay period regardless of how many hours they work. Biweekly amounts are calculated by dividing the anticipated annual salary payment by 26—the number of pay periods in a year.

After each agreement expires or is terminated, Human Resources Office personnel are responsible for reconciling salary and benefits paid to part-time physicians against the amount of work performed during the terms of the agreements and computing any overpayments or underpayments. However, according to the Chief of Human Resources, VistA will not allow an ESR to be reconciled when there are pay periods missing time and attendance data if part-time physicians do not enter all of the hours worked throughout the year.

There were 46 part-time physicians with adjustable work schedule agreements in effect during the second quarter of FY 2016. As of April 18, 2017, the OIG team found that the Health Care System's Human Resources Office had not reconciled 18 of the 46 agreements (39 percent) to determine whether any overpayments or underpayments had occurred. Human Resources Office personnel could not reconcile 13 of the 18 agreements because the part-time physicians did not enter the hours they worked in one or more pay periods throughout the year. They did not reconcile the other five agreements due to a lapse in oversight on the part of the Human Resources Office personnel.

*Example 6*

A part-time hospitalist physician in Medicine Service had an SLA for 780 hours of work from April 5, 2015, through April 2, 2016. The physician recorded 613 hours worked during the period of performance. Based on the hours recorded in ESR, the physician owed the Health Care System approximately \$19,200 for 167 (780 – 613) hours of work. However, the physician did not enter daily time and attendance data into ESR for 19 of the 26 pay periods. Thus, the Health Care System was unable to validate the hours worked by the physician during the period of performance. As a result, Human Resources Office personnel could not reconcile the amount the Health Care System had paid the physician against the amount of work the physician had performed. Therefore, the Health Care System could not collect the potential overpayment to the physician.

Based on the high percentage of unreconciled agreements identified in the initial analysis, the OIG team expanded its review to capture reconciliations that were not completed in FYs 2014, 2015 and the first quarter of FY 2016. The OIG team found 14 agreements from FYs 2014, 2015 and the first quarter of FY 2016 still unreconciled as of April 2017.

*Example 7*

A part-time nephrology physician in Medicine Service was on an adjustable work schedule agreement for 780 anticipated annual hours of work from October 19, 2014, through October 17, 2015. The part-time physician worked 1,305.50 hours during the period of performance. Therefore, the Health Care System owed the part-time physician approximately \$41,200 for 525.50 (1,305.50 – 780) hours of work. Even though the part-time physician entered all of his time into ESR, Human Resources Office personnel did not reconcile the agreement. As a result, the Health Care System could not properly compensate the physician for the amount owed.

In total, the OIG team identified 32 unreconciled agreements associated with 29 part-time physicians working on adjustable work schedules. Three of the 29 physicians had unreconciled agreements for two different annual periods. Furthermore, analysis of FY14, FY15, and the first quarter of FY16 identified three physicians who were on fixed schedules during second quarter FY16 but were on adjustable work schedules prior to second quarter FY16.

**Why  
Inadequate  
Management  
Occurred**

The Health Care System did not implement management controls that are included in VA Handbook 5011/12, *Hours of Duty and Leave* and VHA Directive 1035, *Oversight and Improvement of the Part-Time Physician Program*. Specifically:

- Managers did not adequately monitor part-time physicians.
- Service chiefs did not ensure part-time physicians on adjustable work schedules recorded their work hours daily in ESR.
- Human Resources Office personnel did not reconcile the salaries and benefits paid to part-time physicians on adjustable work schedules against the amount of hours worked after agreements expired to determine whether any overpayments or underpayments occurred.
- Service chiefs did not evaluate SLAs to determine whether adjustable work schedule agreements needed to be modified.

According to the current Health Care System Director, these lapses occurred because the former Chief of Staff did not hold individuals accountable for these controls.

*Oversight  
Lacking*

Health Care System managers did not adequately monitor part-time physicians' time and attendance. VHA Directive 1035 establishes procedures for oversight and monitoring of the part-time physician time and attendance program. Service chiefs are responsible for monitoring part-time physicians on a fixed schedule when circumstances warrant, such as when part-time physicians are found performing work at non-VA facilities during their VA tours of duty. Each quarter, service chiefs must verify time and attendance for all part-time physicians on adjustable work hours to ensure official records reflect actual attendance.

Records of time and attendance reviews should be kept by the medical facility's Service Chief or Chief of Staff. However, a VA Central Office site visit performed in October 2016 found that the Health Care System was not conducting required reviews of part-time physicians' time and attendance. The site visit team noted there was no involvement at the service level and that the Chief of Staff did not have records of any completed reviews. During interviews with the Chief of Staff, Compliance Officer, and service chiefs, the OIG team confirmed that the Health Care System did not perform the reviews as required by VHA Directive 1035.

*Unrecorded  
Work Hours*

Service chiefs did not ensure part-time physicians recorded work hours in ESR. VA Handbook 5011/12 requires service chiefs to certify time and attendance records for employees, and ensure time and attendance records reflect actual performance. However, the OIG team determined that 13 of the 18 unreconciled agreements could not be reconciled because physicians did not record their work hours in ESR. All reconciliations could have been completed timely if service chiefs properly validated the physicians' biweekly time and attendance records.

*Evaluation of  
Agreements  
Inadequate*

Service chiefs did not evaluate SLAs to determine whether the agreements needed modification. VHA Directive 1035 requires service chiefs to evaluate the need for the continuation or modification of adjustable work schedule agreements on a quarterly basis. Actions should be taken when physicians are significantly above or below service level expectations. The OIG team determined that six of the part-time physicians associated with 18 unreconciled agreements were between 25 to 100 percent off target for meeting anticipated annual work hours in their agreements.

By conducting effective quarterly reviews, service chiefs can mitigate variances by keeping part-time physicians informed of issues and taking appropriate actions when necessary to ensure they work the appropriate number of hours each pay period. Should conditions warrant, service chiefs could modify the agreements to decrease or increase annual service level expectations to meet changing patient and VA workload requirements.

**Control Over  
Reconciliations  
Missing**

The Health Care System did not have adequate management controls in place to ensure Human Resources Office personnel reconciled agreements with part-time physicians on adjustable work schedules. After agreements expire or are terminated, Human Resources Office personnel are responsible for reconciling the salary and benefits paid to part-time physicians against the amount of work performed during the terms of the agreements and computing any overpayments or underpayments.<sup>25</sup> The OIG team found that Human Resources Office staff did not reconcile five of the 18 agreements even though the part-time physicians had entered all of their work time into ESR—the other 13 agreements were not reconciled because the physicians failed to enter all hours worked into ESR. By establishing a management control to ensure all reconciliations are completed, the Health Care System could take appropriate actions to address overpayments and underpayments timely.

**Effect of  
Inadequate  
Management**

Because the Health Care System did not have effective management controls in place for monitoring part-time physicians' time and attendance, it did not have reasonable assurance that part-time physicians were meeting their VA employment obligations. The OIG team estimated that the Health Care System made approximately \$507,000 in improper payments because it did not perform reconciliations of amounts paid to part-time physicians against their reported hours worked. There were nine potential overpayments totaling approximately \$200,000 and 22 underpayments valued at approximately \$307,000. One part-time physician worked the exact number of anticipated hours included on the physician's adjustable work schedule agreement. However, the physician had not entered his time and attendance data into ESR for one pay period.

**Conclusion**

The Health Care System needed to strengthen part-time physician management controls as required by VA policy. Implementing sound management controls and holding part-time physicians and supervisory personnel accountable would ensure part-time physicians meet their VA employment obligations and would reduce improper payments to physicians.

## **Recommendations**

9. The OIG recommended the Oklahoma City VA Health Care System Director ensure service chiefs conduct required reviews of part-time physicians to ensure they are working as scheduled.
10. The OIG recommended the Oklahoma City VA Health Care System Director require service chiefs and supervisors ensure part-time

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<sup>25</sup> VA Handbook 5011/12, *Hours of Duty and Leave*, Part II, Appendix I, paragraph 9a, *Reconciliation of Memoranda*, January 12, 2007.

physicians on adjustable work schedules enter their work hours in the electronic subsidiary record on a daily basis.

11. The OIG recommended the Oklahoma City VA Health Care System Director ensure that all overdue reconciliations of part-time physicians' adjustable work hour agreements identified in the report are performed and actions are taken to address over- and underpayments.
12. The OIG recommended the Oklahoma City VA Health Care System Director establish procedures to verify that all reconciliations of part-time physicians' adjustable work hour agreements are completed timely.
13. The OIG recommended the Oklahoma City VA Health Care System Director ensure service chiefs conduct quarterly reviews of all part-time physicians on adjustable work schedules.

**Management  
Comments**

The Health Care System Director concurred with all of the recommendations and completed actions to implement Recommendation 9. The Health Care System Director provided corrective action plans for Recommendations 10-13.

To address Recommendation 9, the Health Care System Director reported that compliance staff are conducting reviews of part-time physicians to ensure they are working as scheduled.

To address Recommendation 10, the Health Care System Director reported that the facility is creating an audit procedure to ensure part-time physicians enter their work hours on a daily basis. In addition, the facility will follow up on deficiencies and take corrective actions to ensure compliance. The Health Care System Director provided a target completion date of July 31, 2018.

To address Recommendation 11, the Health Care System Director reported that actions are under way to complete the overdue reconciliations and address over- and underpayments. The Health Care System Director provided a target completion date of July 31, 2018.

To address Recommendation 12, the Health Care System Director reported that a formal written procedure will be established by April 30, 2018, to verify that all reconciliations are completed timely.

To address Recommendation 13, the Health Care System Director reported that the Compliance Officer will ensure that the quarterly reviews are completed and report the results to the Compliance Committee. The Health Care System Director provided a target completion date of August 31, 2018.

**OIG Response**

The Health Care System Director's corrective action to implement Recommendation 9 is responsive and the OIG considers this recommendation closed. The Health Care System Director provided acceptable corrective action plans to address Recommendations 10-13.

The OIG will monitor the Health Care System's progress and follow up on implementation of the remaining recommendations until all proposed actions are completed.

## Appendix A Background

### ***Oklahoma City VA Health Care System***

The Oklahoma VA Health Care System is a tertiary care and teaching health care facility. It provides a full range of patient care services as well as education and research. The Health Care System provides comprehensive health care through primary, tertiary, and long-term care in the areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics, and extended care. The Health Care System has a 192-bed operating facility located in central Oklahoma serving 48 Oklahoma counties and two counties in north central Texas—Wilbarger and Wichita. It has Community Based Outpatient Clinics in Ada, Altus, Ardmore, Blackwell, Enid, Lawton, Oklahoma City, Stillwater, Oklahoma, and Wichita Falls, Texas. It is part of the Rocky Mountain Network—Veterans Integrated Service Network 19—located in Glendale, Colorado.

### ***Medical School Affiliation***

An affiliation is a relationship between a VA medical facility and a university medical school established for mutual benefit. Through medical school affiliations, VA gains access to highly qualified physicians. Medical schools gain access to an expanded patient base to train medical students and residents and conduct medical research. The Health Care System has a long-standing affiliation with the University of Oklahoma College of Medicine.

### ***Residency Program***

Title 38 of the United States Code requires VA to assist in the training of health care professionals for its own needs as well as national health care needs. As one of four statutory missions, VA conducts its education and training program for medical students and residents to enhance the quality of care provided to veterans within the Veterans Health Administration. The goals of VA's education program are to provide excellent patient care for veterans and enhance VA's ability to attract and retain high quality physicians. Through its many affiliations with medical schools and universities, VA has become the largest provider of health care training in the United States.

According to OAA statistics for 2015, VA's physician education program collaborated with 135 of 144 allopathic medical schools and 30 of 33 osteopathic medical schools. VA provided training to approximately 43,000 residents and 400 advanced fellows during that year. The Health Care System provided training to 121.5 full-time equivalent resident positions in academic year 2016—a total of 436 residents received training at the Health Care System as they participated in rotations throughout the fiscal year. The Health Care System paid approximately \$6.9 million in salary and benefits to reimburse the University of Oklahoma College of Medicine for the residents on duty at the Health Care System.

**Part-Time  
Physicians**

VA uses qualified physicians on a part-time basis to alleviate recruitment difficulties and when work requirements do not support employment on a full-time basis. VA physician faculty members at affiliated medical schools hold dual appointments at the university and with VA. These part-time physicians see VA patients, supervise residents, and conduct research on a regularly scheduled tour of duty of less than 80 hours in a biweekly pay period. Most part-time appointments include a scheduled tour of duty that does not significantly change. VA medical facilities can also place part-time physicians on an adjustable work schedule if they have varying VA or non-VA patient care, research, or educational responsibilities that make adherence to the same scheduled tour of duty difficult. VA policy requires physicians to be present for their agreed-upon tours of duty, unless they are on leave or for other authorized absences. In FY 2016, the Health Care System employed 103 part-time physicians and paid just over \$12 million in salary and benefits.

**Roles and  
Responsibilities**

VHA Handbook 1400.05, *Disbursement Agreement Procedures for Physician and Dentist Residents*, provides procedures for establishing and administering disbursement agreements for the payment of salaries and fringe benefits for residents in accredited training programs at VA medical facilities. VHA's Chief Academic Affiliations Officer is responsible for establishing policy for the use and approval of disbursement agreements as well as approving new disbursement agreements and annual rate changes. OAA is responsible for the orientation and training of VA medical facility DEOs.

The Chief Academic Affiliations Officer must approve all disbursement agreements before implementation and annually approve the daily pay rates that VA medical facilities use to reimburse affiliated medical schools. Under disbursement agreements, separate daily rates are developed based on the medical school's actual salary and fringe benefit costs for each resident post-graduate-year level covered.

The Medical Facility Director's responsibilities include:

- Ensuring local policies and procedures for administering a disbursement agreement are in place
- Appointing a DEO
- Ensuring that the office conducting the reconciliation of invoices submitted under the disbursement agreement has sufficient and knowledgeable personnel resources
- Appointing an independent team to conduct periodic audits of the disbursement agreement

The DEO, who is supervised by the Facility Chief of Staff, is the single designated VA employee with oversight responsibility for all health

professions training at a VA medical facility. The DEO's responsibilities include establishing local procedures for:

- Keeping educational activity records
- Monitoring resident participation in assigned educational activities
- Reconciling VA educational activity records with invoices submitted by the medical school
- Ensuring VA personnel involved in educational activity record keeping receive initial and annual training

VA site directors are responsible for developing and implementing specialty-specific training programs for residents at VA medical facilities. They are responsible for:

- Ensuring residents are oriented to the training site, including expectations, schedules, relevant policies, and educational activities
- Monitoring resident participation in scheduled educational activities
- Certifying on a monthly basis that residents' educational activity records are accurate

The Veterans Integrated Service Network 19 Director is responsible for ensuring that the Health Care System provides adequate oversight of the part-time physician program. The Health Care System Director, with the assistance of the Chief of Staff, is ultimately responsible for monitoring part-time physicians working within the Health Care System. Service chiefs and other managers play key roles in ensuring that part-time physicians comply with all VA time and attendance policies.

## Appendix B Scope and Methodology

### Scope

The OIG team conducted its review from November 2016 through January 2018. The team focused on 252 residents working in over 30 specialties who were included on the medical school's monthly invoices for January through March 2016—a total of 436 residents received training in rotations at the Health Care System during FY 2016. The total cost of the three invoices was approximately \$1.7 million. The Health Care System reimbursed the medical school approximately \$6.9 million in salary and benefits for the residents participating in training during academic year 2015–2016. In addition, the OIG team reviewed 93 part-time physicians' time and attendance records for the first five pay periods of calendar year 2016—January 10, 2016, through March 19, 2016—as pay periods did not fall directly within the time period of January through March 2016. In FY 2016, the Health Care System employed 103 part-time physicians. Based on the high percentage of unreconciled agreements identified in the initial analysis, the OIG team expanded its review to capture reconciliations that were not completed in FYs 2014, 2015, and the first quarter of FY 2016. The OIG team made several site visits to the Health Care System, located in Oklahoma City, Oklahoma, to accomplish its review.

### Methodology

The OIG team reviewed applicable federal laws, regulations, and VA and VHA policies and procedures related to the management of disbursement agreements for resident and part-time physician time and attendance. The team also reviewed applicable local policies and procedures. The OIG team interviewed OAA officials to obtain insights on managing disbursement agreements and OAA's role in that process. The team also interviewed administrative officers, service and section chiefs, VA site directors, the Chief of Staff, the DEO, and the Health Care System Director.

The OIG team performed detailed time and workload analyses for the 252 residents and 93 part-time physicians working at the Health Care System during the second quarter of FY 2016. For these analyses, the team obtained and compared electronic health records like progress notes, encounters, surgery logs, and doctors' orders to the times residents and part-time physicians worked. For residents, the OIG team determined the time worked by analyzing invoices from the medical school. For part-time physicians, the team determined the time worked by reviewing records maintained in the VA time and attendance system.

The OIG team discussed significant unaccounted-for time periods identified in the analyses with administrative officers and service or section chiefs to obtain further supporting evidence, if available.<sup>26</sup> The review focused only

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<sup>26</sup> OIG staff judgmentally considered unaccounted time greater than 50 percent of scheduled or billed time to merit further discussions.

on times attributable to clinical workload—it did not evaluate the accuracy of administrative, educational, and research times for physicians authorized a percentage of time during their work schedules for those categories.

**Fraud  
Assessment**

The OIG team assessed the risk that fraud and abuse could occur during the review. The audit team exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Comparing time and attendance data to workload to identify potential false claims and fraud.
- Comparing residents' workdays billed on invoices to workload and records of workdays and times residents were at the affiliated medical school to identify potential fraud.
- Discussing potential fraud issues with OIG's Office of Investigations.

The OIG team did not identify any instances of fraud during this review.

**Data  
Reliability**

To achieve the review's objective, the OIG team relied on computer-processed data contained in the Personnel and Accounting Integrated Data System, Invoice Payment Processing System, Financial Management System, Veterans Health Information Systems and Technology Architecture, and the Corporate Data Warehouse. The OIG Data Analysis Division obtained computer-based data for time and attendance, invoices, and health record data like progress notes, doctors' orders, surgery logs, and patient encounters. The OIG team interviewed service and section chiefs and administrative officers, and also compared its data to data pulled from the Health Care System to test the data reliability. The team also reviewed rotation and assignment schedules, supporting medical documentation, timesheets, and summary time reports.

In addition, the OIG team relied on other sources of information, like data obtained from the Health Care System, to support the review. The OIG team compared select line items from the Health Care System data to the data from the OIG Data Analysis Division to ensure consistency and reliability of the reported data. When these data are viewed in context with other available evidence, the OIG team believes the data are sufficiently reliable to support the opinions, conclusions, and recommendations in this report.

**Government  
Standards**

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix C Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1-6	Reimbursements are not adequately supported.		\$6.9 million
11	Estimate of over and under paid salary costs		\$507,000 <sup>27</sup>
<b>Total</b>			<b>\$7.4 million</b>

<sup>27</sup> To calculate the amount of questioned costs, OIG staff compared the part-time physicians' SLA hours with their time and attendance reported hours to identify overpayments or underpayments that had occurred in FYs 2014, 2015, and the first two quarters of 2016. OIG staff obtained the part-time physicians' annual salaries as of the beginning date of their agreements and calculated hourly wage rates by dividing the annual salaries by 2,080 work hours per year. OIG staff determined the amount of overpayments and underpayments by multiplying the applicable hourly rates by the amounts of reported work hours less than or greater than the work hours in the part-time physicians' agreements.

## Appendix D Management Comments

February 15, 2018

From: Director, Oklahoma City VA Health Care System (635/00)

Subject: Review of Resident and Part-Time Physician Time and Attendance at OKC VAHCS

To: Director, Rocky Mountain Network (10N19)

I have reviewed the findings within the report of the Review of Resident and Part-Time Physician Time and Attendance, Oklahoma City VA Health Care System, Oklahoma City, Oklahoma. I agree with the findings of the inspection.

The plan for corrective actions has been established.

*(Original signed by)*

WADE VLOSICH  
Medical Center Director

Attachments

*For accessibility, the format of the original documents in this appendix has been modified to fit in this document, to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

Recommendations

1. We recommended the Oklahoma City VA Health Care System Director ensure local policies and procedures are established for resident educational activity record keeping, monitoring resident participation in assigned educational activities, and reconciling VA educational activity with invoices submitted by the University of Oklahoma.

Concur

Target date for completion: Completed

Facility response: Resident Record Keeping policy was completed on June 20, 2017. Resident Supervision and Monitoring of Resident Supervision was completed June 20, 2017 and updated on August 30, 2017 to better align with OAA policy.

(Note: Two PDFs inserted as attachments – available through the VA OIG Information Officer.)

2. We recommended the Oklahoma City VA Health Care System Director ensure all staff involved in educational activity record keeping receive initial and annual refresher training on how to maintain the records.

Concur:

Target date for completion: Completed

Facility response: All Site Directors and Service Chiefs were provided with the new policies related to record keeping and supervision. Everyone involved in record keeping has been educated on how to maintain records. A record keeping and supervision TMS course was created to allow for better tracking of future yearly training. Record keeping training will be required on a yearly basis. Attached excel spreadsheet below includes TMS completion dates of all VA Site Directors for AY18.

(Note: One MS Excel spreadsheet inserted as attachment – available through the VA OIG Information Officer.)

3. We recommended the Oklahoma City VA Health Care System Director establish procedures to ensure agreed-upon salary and benefits rates for residents are properly approved by the Office of Academic Affiliations.

Concur:

Target date for completion: Completed

Facility response: Disbursement Agreement (Resident Activity Reporting) Procedures for Physician and Dentist Residents CM was created on June 20, 2017.

(Note: One PDF inserted as attachment – available through the VA OIG Information Officer.)

4. We recommended the Oklahoma City VA Health Care System Director require the medical school to submit adequate documentation to support its benefits rate for Social Security and Medicare costs for residents who are exempt from those taxes.

Concur:

Target date for completion: July 31, 2018

Facility response: The Oklahoma City VA Health Care System has met with Oklahoma University (OU) Graduate Medical Education Office. OU will be providing additional documentation to support benefits rate for Social Security and Medicare costs.

5. We recommended the Oklahoma City VA Health Care System Director ensure the Designated Education Officer certifies final invoices for payment after all discrepancies identified in the reconciliation process are resolved.

Concur

Target date for completion: Completed

Facility response: The Designated Education Officer now certifies final invoices for payment after all discrepancies identified in the reconciliation process are resolved. The imbedded Reconciliation Process PDF outlines the new procedure. In addition, as part of compliance process, audits will be performed to assure that final invoices are certified by DEO.

(Note: One PDF, one MS Word document, and three MS Excel Spreadsheets inserted as attachments – available through the VA OIG Information Officer.)

6. We recommended the Oklahoma City VA Health Care System Director ensure the Designated Education Officer approves and maintains copies of the approved agreements for all off-site educational activities each academic year.

Concur

Target date for completion: Completed

Facility response: The Designated Education Officer has created Off-Site Activity approval documents for all off-site educational activities each academic year. Approvals are maintained on a yearly basis. DEO has approved all off-site activities for AY18. Approved off-site rotations are stored on the Education Shared Drive and will be updated/reviewed yearly. Below are the current approved off-site rotations for AY18.

(Note: Two PDFs inserted as attachments – available through the VA OIG Information Officer.)

7. We recommended the Oklahoma City VA Health Care System Director review all academic year 2015–2016 invoices and initiate actions to recover overpayments from the medical school for residents who worked at non-VA facilities without prior written approval of the VA Site Directors and Designated Education Officer.

Concur

Target date for completion: July 31, 2018

Facility response: The Oklahoma City VA Health Care System has met with Oklahoma University (OU) Graduate Medical Education Office. OU is currently reviewing invoices to determine those that worked at non-VA facilities without prior written approval. Actions will be implemented as appropriate to recover overpayments.

8. We recommended the Oklahoma City VA Health Care System Director appoint a team to conduct periodic audits of the disbursement agreement, including educational activity record keeping at the service and section level, reconciliation procedures, and the accuracy of the invoices submitted by the medical school.

Concur

Target date for completion: Completed

Facility response: The Oklahoma City VA Health Care System Compliance staff are now monitoring and auditing the disbursement agreement, including educational activity record keeping at the service and section level, reconciliation procedures, and the accuracy of the invoices submitted by the medical school. Education Service is reporting monthly to the Compliance Committee regarding this process.

(Note: Two MS Word documents and four MS Excel spreadsheets inserted as attachments – available through the VA OIG Information Officer.)

9. We recommended the Oklahoma City VA Health Care System Director ensure service chiefs conduct required reviews of part-time physicians to ensure they are working as scheduled.

Concur

Target date for completion: Completed

Facility response: Required reviews are being conducted. Oklahoma City VA Health Care System Compliance Staff are physically verifying the presence of part-time physicians, reviewing computer log-in/log-out times, and reviewing workload encounters and notes monthly.

(Note: Four MS Excel spreadsheets inserted as attachments – available through the VA OIG Information Officer.)

10. We recommended the Oklahoma City VA Health Care System Director require service chiefs and supervisors ensure part-time physicians on adjustable schedules enter their work hours in the Electronic Subsidiary Record on a daily basis.

Concur

Target date for completion: July 31, 2018

Facility response: The Oklahoma City VA Health Care System will ensure providers are entering their work hours in the Electronic Subsidiary Record on a daily basis. To ensure compliance, the facility will create an audit procedure and will follow up on deficiencies to confirm processes are being followed appropriately. When audit deficiencies are noted, then corrective action will be taken to ensure compliance.

11. We recommended the Oklahoma City VA Health Care System Director ensure that all overdue reconciliations of part-time physicians' adjustable work hour agreements identified in our report are performed and actions are taken to address over- and underpayments.

Concur

Target date for completion: July 31, 2018

Facility response: The Oklahoma City VA Health Care System is currently reconciling payments for the adjustable work hour agreements and will address the over- and underpayments.

12. We recommended the Oklahoma City VA Health Care System Director establish procedures to verify that all reconciliations of part-time physicians' adjustable work hour agreements are completed timely.

Concur

Target date for completion: April 30, 2018

Facility response: The Oklahoma City VA Health Care System will establish a formal written procedure to verify all reconciliations of adjustable work hour agreements are completed timely.

13. We recommended the Oklahoma City VA Health Care System Director ensure service chiefs conduct quarterly reviews of all part-time physicians on adjustable schedules.

Concur

Target date for completion: Completed

Facility response: Reviews will be completed quarterly for all part-time physicians on adjustable schedules. Compliance Officer will ensure that the quarterly reviews are completed and report to Compliance Committee.

(Note: Three MS Excel spreadsheets inserted as attachments – available through the VA OIG Information Officer.)
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## Appendix E    **OIG Contact and Staff Acknowledgments**

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Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Gregory Gladhill Martin Barberini Matthew Clark Terrisa Culhane Clenes Duhon Adam Hummel Jehri Lawson Brenda Stepps
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